

Report No. 003
 NO CHANGE in Class. ☐

49

5 JAN 1948

575

DECLASSIFIED

~~TOP SECRET~~~~CONFIDENTIAL~~*ARMY Declass/Release
Instructions On File*

CLASS. CHANGED TO: TS S (C)

GENERAL

Auth: DDA Memo, 4 Apr 77
DDA REG. 77/1763

Date: 10 Mar 76 By: [redacted]

1. Further "self-help" conference on European aid suggested--US Embassy London suggests that the 16 countries involved in the European recovery program should review ways and means of implementing self-help programs to assist European recovery, in order to keep the Communists on the defensive during the possibly protracted Congressional debate on the European recovery program and to demonstrate that the European countries are not interested exclusively in the amount of aid they can obtain from the US. The Embassy observes that because the Labor Government has been severely criticized by British moderates for its failure to take the lead in reconvening the CEEC, Bevin might well take such action.

2. USSR reaffirms position on Japanese peace treaty--Ambassador Smith in Moscow reports that in replying to the Chinese note of 5 December the Soviet Government has reaffirmed its position that the preparation of a Japanese peace treaty must be entrusted to the CFM and not to the Far East Commission as proposed by the Chinese Government. The Soviet reply admits that other states which contributed to victory over Japan should be permitted to assist in the preparatory work of the treaty.

EUROPE

3. YUGOSLAVIA: Tito's attitude toward Greece--US Ambassador Cannon reports that in a conversation with Tito regarding Greece, the Marshal stated that Yugoslavia was "not going to do anything dramatic or engage in any adventure." Cannon adds that Tito's remarks confirm an earlier impression that the Yugoslav Government does not wish to recognize the Markos government unless it is ordered to do so by the Kremlin. Cannon believes that Tito is uneasy about US plans.

Tito's attitude toward trade with US--Cannon found Tito only mildly interested in the development of normal trade with the US and entirely indifferent to the long-range aspects of such trade.

State Dept. review completed

- 1 -

ARMY review completed

~~TOP SECRET~~
~~CONFIDENTIAL~~

~~TOP SECRET~~
CONFIDENTIAL

According to Cannon, Tito wants machinery and electrical equipment from the US now and realizes that the success of the Yugoslav five-year plan depends upon obtaining this equipment (which the eastern bloc cannot furnish). Tito asked that the US unblock Yugoslav gold in the US and remove the ban on US tourist travel in Yugoslavia as a means of paying for this equipment. Tito's attitude confirmed Cannon's impression that Yugoslav economic development is having "hard sledding." Cannon expresses the belief that the USSR: (a) will only give sufficient minimum aid to Yugoslavia to keep it "in respectful dependence"; (b) will encourage industries in Yugoslavia of direct military importance; but (c) considers Yugoslavia strategically as a forward area and intends to concentrate important industries within the Soviet Union.

4. GREECE: UNSCOB facing difficulties--According to Ambassador Kirk (US delegate to the UN Special Committee on the Balkans) several UNSCOB delegates feel that the General Assembly's original terms of reference for UNSCOB are now obsolete in view of the Satellites' refusal to recognize the Committee. Kirk reports that the Chinese delegate has suggested that the UN "Little Assembly" might be asked to redraft the terms of reference, or that the "Little Assembly" might even be transformed into the General Assembly for a special session to deal solely with UNSCOB.

Comments on Konitsa fighting--Colonel Miller (US military adviser to UNSCOB) reports the following information and impressions after a recent visit to the Konitsa area: (a) the Greek infantry showed no will to advance without full artillery and air support and lacked aggressiveness; (b) there are no indications of guerrilla aircraft; (c) Greek Army successes appear to have been largely due to favorable weather, which permitted effective close air support; (d) the unexpected ability of several National Guard battalions has resulted in ill-feeling and jealousy between Army and National Guard officers; (e) uniforms worn by some of the captured guerrillas are believed to have been supplied by the Rumanian Red Cross; (f) the bulk of the present guerrilla forces in the area are not believed to have crossed the Albanian frontier; (g) the continuity of guerrilla operations, the skillful maneuvering, and the evidence of frequent liaison across the frontier indicate

- 2 -

~~TOP SECRET~~
CONFIDENTIAL

~~TOP SECRET~~
CONFIDENTIAL

master direction and coordination of activities on both sides of the frontier; and (h) there is no indication yet of the presence of non-Greeks among the guerrillas.

USSR may propose "fusion" government--US Charge
Rankin transmits a reported statement by Greek Socialist leader Sofianopoulos in Paris calling for a special Four Power conference to seek "an inter-Allied solution" of the Greek problem. The statement claims that the Four Powers are responsible for the Greek situation and should resume their roles as joint protectors of Greece. Sofianopoulos is also alleged to have stated that the formation of a Greek Government on a wider basis, including all non-Communist parties, would greatly strengthen Greece, both internally and internationally. (The position of the Greek Socialists vis-a-vis the Communist Party has never been clarified; so far none of the Socialist leaders has condemned the Markos government.)

Rankin believes that Sofianopoulos' statement may be significant in the light: (a) of Yugoslavia's caution concerning recognition of the Markos government; and (b) of the possibility that Yugoslavia or the USSR may plausibly propose a "fusion" government in Greece.

(CIA Comment: CIA considers that the USSR has no reason at present to abandon its current policy of violence in Greece in favor of a compromise solution.)

NEAR EAST-AFRICA

5. TURKEY: Turks believe strong US declaration needed to save Greece--
US Ambassador Wilson reports that Turkish leaders regard the Greek situation as desperately serious and feel that only an "unmistakable declaration" of US interest in the preservation of Greek independence and integrity can possibly induce the USSR to withhold Satellite recognition of the Markos government. The Turkish leaders reportedly feel that, in the absence of such a declaration, Satellite recognition of the Markos regime will eventually force the US to choose between armed intervention and Soviet domination of Greece.

~~TOP SECRET~~
CONFIDENTIAL

~~TOP SECRET~~
CONFIDENTIAL

6. **SYRIA:** USSR asserts it is "really" pro-Arab--According to US Legation Damascus, a Soviet Legation officer has informed a Syrian Foreign Ministry official that the USSR "really would help" the Arabs and that the Soviet pro-partition vote in the UN was merely an "anti-imperialist" measure. The Syrian official does not believe the statements of the Soviet representative.
7. **SAUDI ARABIA:** British worried about oil fields for the present--US Embassy London reports the opinion of Foreign Office and oil company officials in London that the Dhahran-Bahrain oil field area will probably remain relatively quiet unless the US takes a stronger position in Palestine by supplying the Zionists with arms or by landing US forces.

FAR EAST

8. **KOREA:** Current political situation--General Hodge transmits the following summary of the current political situation in Korea: (a) the UN Commission will face overt opposition by the extreme Left and sabotage by the extreme Right; (b) Rhee Syngman is now in full control of the Right and will oppose any solution in Korea which does not promise him unchallenged dictatorial control; (c) Communist activity and popularity are at a low ebb; (d) there is little indication of an early unilateral Soviet withdrawal but such a move remains a possibility in view of apparent Soviet preparations to accord recognition to the North Korean regime; and (e) troop strength of the UN command is "dangerously low" and is inadequate to maintain law and order and US prestige.

Hodge predicts "explosive results and a tremendous loss of US prestige," if the UN Commission fails to achieve some peaceful solution of the Korean problem, including "at least apparent independence for South Korea."

CONFIDENTIAL

~~TOP SECRET~~
CONFIDENTIAL

THE AMERICAS

9. PANAMA: Reasons for rejection of defense-sites agreement - US Ambassador Hines expresses the view that the Panamanian National Assembly's unanimous rejection of the defense-sites agreement may be explained by: (a) the "loss of control of the situation" to "communistically-led" student groups, with whom the police, after one contact, had been instructed not to interfere; (b) the urgent opposition of Alfaro and Harmodio Arias; and (c) political considerations connected with the coming elections.

(CIA Comment: CIA believes that while the unanimity of the vote may have been caused by uncontrolled student demonstrations, the Assembly would have rejected the agreement even if there had been no student demonstrations [redacted])

[redacted] US Embassy Panama previously reported that instructions to the police to discontinue interference with the student demonstrations originated with the Assembly itself, which approved such instructions by unanimous vote on 13 December.)

25X1

25X1

- 5 -

CONFIDENTIAL
~~TOP SECRET~~